

Information Services Board Briefing Paper on the Health Care Authority Membership Management System

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Description

As part of its commitment to periodically brief the Board on its progress, the Health Care Authority (HCA) will provide a status update on its acquisition of a commercial software package, system modifications, and implementation services to replace current systems supporting both the Public Employee Benefit Board (PEBB) and Basic Health insurance lines of business.

Background

HCA develops and administers health care benefit programs for two distinct populations. The PEBB health care programs provide medical, dental, life, and long-term disability insurance for eligible public employees and retirees, and their dependents. The Basic Health program provides affordable health care coverage to qualifying Washington State residents.

HCA uses two separate computer systems: one developed and supported by the Department of Personnel (DOP), and the other developed and supported in-house. These systems perform HCA business operations including: eligibility determination, member enrollment, premium collection, and carrier payment. The current systems, designed and developed by different agencies prior to the merger of the Basic Health Plan and HCA, are unable to meet the changing needs of the agency. The batch mode architecture makes quick access to timely information a consistent problem. The systems are written in two different computer languages, use separate databases, contain two separate interfaces to many of the same insurance plans, and require redundant, separate maintenance and enhancements.

In September 2000, HCA completed a feasibility study that evaluated moving to a single health insurance system to support both PEBB and Basic Health insurance lines of business, providing technology to improve the use of information, and reducing the overall cost of processing. The preferred alternative was to competitively procure a contract with a software vendor to provide application software and related implementation services. The feasibility study found many commercial firms who market information systems applications that can support the HCA requirements. The feasibility study and corresponding decision package was approved by the ISB on September 29, 2000.

The 2001 Legislature appropriated \$3.635 million for this initiative. HCA conducted a competitive acquisition to acquire a commercial software package, system modifications, and implementation services. The bid was awarded to Healthaxis, Inc. of Irving, Texas.

Status

The contract was signed on May 10, 2002. HCA is in the process of ramping up for this project.

Benefits

HCA anticipates that the new insurance system will improve customer service by providing more accurate and timely resolution to customer inquiries, and improving business processes and workflows. The new system will allow customers and providers the ability to perform several functions over the Internet such as: applying for insurance; updating personal information; paying premiums; and checking eligibility.

The new system will also position the agency to comply with the federal Health Insurance Portability and Accounting Act (HIPAA) of 1996.

In addition to the intangible benefits of improved customer service, this initiative is anticipated to provide over \$1.5 million in annual benefits primarily from reduction in operational costs. The project has a five-year payback period.

Issues

- Funding received for this effort was \$593,156 less than requested.
- A substantial effort (9,995 hours) is estimated from the Department of Personnel to decommission the current system and assist in the migration. Managing the two agencies' priorities will be a challenge.

Recommendation

This update is being provided to the Board for informational purposes. DIS recommends HCA continued reporting to the Board on project status.